COASTAL CONSERVANCY

Staff Recommendation
June 29, 2006

ARCATA BAYLANDS RESTORATION/ENHANCEMENT

File No. 06-055
Project Manager: Moira McEnespy

RECOMMENDED ACTION: Authorization to disburse up to $921,000 to the City of Arcata to acquire approximately 68 acres and restore or enhance approximately 82 acres within the Arcata Baylands.

LOCATION: City of Arcata, Humboldt County

PROGRAM CATEGORY: Resource Enhancement

EXHIBITS

Exhibit 1: Project Location Map

Exhibit 2: Project Areas and APNs Map

Exhibit 3: Project Restoration Map

Exhibit 4: Project Enhancement Map

Exhibit 5: Partner Projects Map

Exhibit 6: Letters of Support

Exhibit 7: Mitigated Negative Declaration, including Initial Study and Checklist, Mitigation Monitoring and Reporting Program and Caltrans Comment letter

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RESOLUTION AND FINDINGS:

Staff recommends that the State Coastal Conservancy adopt the following resolution pursuant to Sections 31000 *et seq.* of the Public Resources Code:

"The State Coastal Conservancy hereby authorizes disbursement of up to nine hundred twenty-one thousand dollars ($921,000) to the City of Arcata ("the City") to acquire approximately 68.3 acres and restore or enhance approximately 82 acres within the Arcata Baylands. Specifically, the City will acquire approximately 64.9 acres in the Jacoby Creek/Gannon Slough area (Humboldt County Assessor's Parcel Number 501-042-001) and 3.4 acres in the McDaniel Slough area (Humboldt County Assessor's Parcel Number 505-251-006) for the purposes of resource enhancement and protection, public access, open space and scenic preservation and

agricultural preservation, and will restore and enhance a total of approximately 82 acres within both slough areas. This authorization is subject to the following conditions:

1. Prior to the disbursement of Conservancy funds for acquisition, the City shall submit for the review and approval of the Executive Officer of the Conservancy ("the Executive Officer") all relevant acquisition documents, including but not limited to appraisals, environmental assessments, agreements of purchase and sale, escrow instructions, and documents related to title.
2. The City shall pay no more than fair market value for the approximately 68.3 acres of Arcata Baylands properties as established in appraisals approved by the Executive Officer.
3. The City shall permanently dedicate the approximately 68.3 acres of Arcata Baylands properties in a manner acceptable to the Executive Officer for the purposes of resource enhancement and protection, public access, open space and scenic preservation and agricultural preservation.
4. The City shall acknowledge Conservancy funding by erecting and maintaining on the Arcata Baylands a sign that has been reviewed and approved by the Executive Officer.
5. Prior to the disbursement of Conservancy funds for restoration or enhancement, the City shall obtain approval in writing from the Executive Officer of the following items:
    a. A work program for the project that includes budget and timeline.
    b. All contractors that the grantee intends to retain in connection with the project.
    c. A signing plan that acknowledges Conservancy funding.
    d. All permits and approvals necessary to the completion of the project under applicable local, state and federal laws and regulations."

Staff further recommends that the Conservancy adopt the following findings:

"Based on the accompanying staff report and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed project is consistent with Chapter 6 of Division 21 of the Public Resources Code (commencing with Section 31251) regarding coastal resource enhancement projects.
2. The proposed project is consistent with the Project Selection Criteria and Guidelines adopted by the Conservancy on January 24, 2001.
3. The Coastal Conservancy has independently reviewed and considered the "Mitigated Negative Declaration" including Initial Study, attached to this staff recommendation as Exhibit 7, as prepared and adopted by the City of Arcata pursuant to the California Environmental Quality Act, and finds that the project, as mitigated, avoids, reduces or mitigates the possible significant environmental effects and that there is no substantial evidence that the Arcata Baylands Restoration/Enhancement project will have a significant effect on the environment, as defined in 14 California Code of Regulations Section 15382."

PROJECT SUMMARY:

Staff recommends that the Conservancy authorize disbursement of up to nine hundred twenty-one thousand dollars ($921,000) to the City of Arcata ("the City") to acquire approximately 68.3 acres and restore or enhance approximately 82 acres within the larger 567-acre Arcata Baylands (see Exhibits 1 and 2). Funds authorized for this project would be derived from a U.S. Fish & Wildlife Service ("USFWS") National Coastal Wetlands Conservation grant the Conservancy received for projects in the Arcata Baylands.

Loss and threats to California wetlands are well documented. A 1991 review for the USFWS found that California has had the highest wetlands loss rate in the lower 48 United States, with more than 90% of wetlands lost or severely altered; Humboldt Bay (the second largest bay on the California coast) supports this statistic with losses at nearly 90%. The City of Arcata has been working in a partnership with other entities, including the Conservancy, to acquire, protect, restore and enhance the Arcata Baylands, approximately 567 acres of coastal wetlands adjacent to Humboldt Bay (see Exhibit 3). The Arcata Baylands area contains five creeks (6.8 miles of creek corridor) that flow into Humboldt Bay, including Jacoby Creek (the largest creek entering north Humboldt Bay, and the third-largest salmonid tributary), associated riparian areas, two estuarine sloughs, and vegetated and open-water wetlands. The City has already acquired 488.5 acres within this Baylands area, and seeks to protect and restore or enhance palustrine emergent, estuarine intertidal emergent, estuarine intertidal nonvegetated, riverine tidal and riverine lower perennial wetlands and riparian habitats. The City will manage the project lands in perpetuity for the conservation of coastal wetland habitats and the fish and wildlife populations that depend on them.

To further this larger ongoing Arcata Baylands effort, the City now seeks to use USFWS National Coastal Wetland Conservation grant funds to acquire an additional 68.3 acres of wetland habitat, 64.9 acres in the Jacoby Creek/Gannon Slough area and 3.4 acres in the McDaniel Slough area (see Exhibit 2), and to conduct restoration and enhancement activities over approximately 82 acres in grant-acquired and existing City lands in both slough areas (see Exhibits 2-5). Restoration and enhancement will include:

- Expanding and reestablishing estuarine channels and estuary areas on Jacoby Creek (30 acres) and Gannon Slough (15 acres) through tidegate modification (Gannon) or removal (Jacoby) (see Exhibit 3 and 4);
- Restoring Jacoby Creek (20 acres) floodplain and riparian forest by removing levees, fencing out livestock and revegetating the riparian corridor; restoring riparian forest in McDaniel Slough along Janes Creek (2.5 acres) by fencing out livestock and revegetating the riparian corridor (see Exhibits 3 and 4);
- Enhancing Jacoby Creek/Gannon Slough (9 acres) and McDaniel Slough (5.5 acres) by constructing deep and shallow ponds for waterfowl habitat (see Exhibit 5).

The City will also develop public natural resource-related activities in both project areas, including guided walks, nature study, bird watching, photography, hiking and scientific and educational study.

The Arcata Baylands restoration and enhancement will establish a connectivity of habitat encompassing over 1,300 acres of locally-, state- and federally-protected lands adjacent to the northern edge of Humboldt Bay. The proposed project sites are directly adjacent to or nearby

USFWS Humboldt Bay Wildlife Refuge lands, the 225-acre Arcata Marsh and Wildlife Sanctuary, the 508-acre California Department of Fish and Game Mad River Slough Wildlife Area, and Jacoby Creek Land Trust holdings (see Exhibit 3).

Site Description: The Arcata Baylands comprise approximately 567 acres of coastal wetlands adjacent to Humboldt Bay (see Exhibit 2). The area contains five creeks (6.8 miles of creek corridor) that flow into Humboldt Bay, including Jacoby Creek (Humboldt Bay's third-largest salmonid tributary), associated riparian areas, two estuarine sloughs, and vegetated and open-water wetlands. Most of the area consists of former tidelands that now support grazing and other agricultural uses. Although most of the area is zoned for agricultural use (which allows residential farmhouses), the challenging economics of small farm operations combined with urbanizing pressures could result in other uses, such as residential development, supplanting farming.

Jacoby Creek and Gannon Slough, as well as their tributaries (Beith, Campbell and Grotzman Creeks), provide habitat for Tidewater goby *(Eucyclogobius newberryi*), Coho salmon *(Oncorhynchus kisutch)*, Chinook salmon (*Oncorhynchus tshawytscha)*, Steelhead–Northern California ESU *(Oncorhynchus mykiss*), and Coastal cutthroat trout *(Oncorhynchus clarki clarki)*, the first four of which are federally-listed species. Jacoby Creek's estuary, however, is currently constrained by degraded levees, and lack of estuarine habitat has been identified as a limiting factor for existing coho salmon in this watershed. In addition, while anadromous fish do currently use Gannon Slough and its tributaries, tidegates at the mouth of the slough limit access. The proposed restoration will thus improve estuarine channels and conditions, and fish passage.

The Baylands are part of the larger Humboldt Bay ecosystem that accommodates fish, including four federally-listed species, birds, including 18 State-listed species, and other water-associated wildlife. Humboldt Bay is second only to San Francisco Bay in the numbers and variety of migratory water-associated birds wintering in the coastal segment of the Pacific Flyway of California. It is one of California's most important stopovers for migrating birds, used for nesting, feeding and resting. The Arcata Christmas Bird Count, which is conducted in the Arcata Baylands project area, is among the top 20 Christmas Bird Counts (CBC) in North America, and achieves the highest species number for any count at comparable latitudes. The Jacoby Creek sub-area within the Arcata CBC traditionally achieves the highest species counts for any sub area of the Arcata count.

The "Southern Pacific Coast Regional Shorebird Plan-Humboldt Bay" (including the Eel River mouth) states that this large estuary is recognized as a site of International Importance for shorebirds by the Western Hemisphere Shorebird Reserve Network (WHSRN) (greater than 100,000 shorebirds/yr or greater than 10% of a flyway population). Depending on season, 20,000 to 80,000 shorebirds reside in Humboldt Bay (Colwell 1994). Arcata CBC results over the past 20 years indicate an average of 10,000 and as many as 25,000 individuals of waterfowl winter on north Humboldt Bay.

Project History: The Conservancy has long partnered with the City of Arcata to protect wetlands in the Arcata Baylands area by assisting with key acquisitions and management planning. In 1981, the City created the Arcata Marsh and Wildlife Sanctuary (75 acres including 30 acres of freshwater wetlands), which established the City as a leader in the field of wetland restoration. In 1986, the City expanded the Sanctuary by realigning Butchers Slough to reestablish a more natural meandering course, restore salt marsh habitat, and create an adjacent

freshwater wetland from the remains of an old log pond. Funds for both these phases of Sanctuary development came from a variety of sources, including the Conservancy. The City then purchased a 74-acre property that is the core of the McDaniel Slough project area using Wildlife Conservation Board and Caltrans Environmental Enhancement and Mitigation Program funds, and in 1999, the Conservancy assisted the City with preparing an enhancement plan for this McDaniel Slough area.

In 2004, the Conservancy assisted the City with acquiring the 322-acre Bayview Ranch property, which comprises a large piece of the Jacoby Creek/Gannon Slough project area, and the currently-proposed restoration of the Jacoby Creek estuarine complex was contemplated by the Conservancy when considering the Bayview Ranch acquisition. In Spring 2005, the Conservancy applied for a USFWS National Coastal Wetlands Conservation Program grant for further acquisition, restoration and enhancement of the Arcata Baylands, and in January 2006, the Conservancy was notified that the USFWS had awarded a grant in the amount of $928,000 for the project.

PROJECT FINANCING:

Coastal Conservancy	
via USFWS National Coastal Wetlands Conservation Grant	$921,000
City of Arcata*	12,500
Private sources*	10,000
Total Project Cost	**$943,500**

*Note that these matching fund amounts do not take into account the significant matching contributions toward acquisition by the City of lands that comprise the project area, nor of complementary restoration and enhancement activities within the project area that are part of the larger ongoing Arcata Baylands restoration/enhancement effort of which these USFWS-funded activities are a portion.

Conservancy funding is expected to come from a Fiscal Year 2006 USFWS National Coastal Wetlands Conservation grant in the amount of $928,000. The Conservancy received notice of this award on January 13, 2006. The grant was awarded under the Coastal Wetlands Planning, Protection and Restoration Act (Act), which authorizes USFWS to make grants to coastal states to acquire, restore, enhance, manage, and protect coastal wetlands. The primary goal of the program is long-term conservation of coastal wetlands. Consistent with the purposes of the Act, the Arcata Baylands restoration and enhancement will protect and restore or enhance substantial acreage of coastal wetlands adjacent to Humboldt Bay.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project would be undertaken pursuant to Chapter 6 of the Conservancy's enabling legislation, Public Resource Code Sections 31251-31270.

Pursuant to §31251, the Conservancy may award grants to public agencies to enhance coastal resources that have suffered loss of natural values due to natural or human-induced events. Human activity in and around the margins of Humboldt Bay have significantly impacted the wetlands, marshes, streams and other natural resources associated with the Arcata Baylands. Projects funded under Section 31251 may be used to assemble parcels of land in resource enhancement areas to improve resource management, and to enhance the natural and scenic

character of the areas. The proposed project will enable the City of Arcata, a public entity, to acquire parcels of land in the Arcata Baylands enhancement area, and conduct wetland and riparian enhancement activities in both the Jacoby Creek/Gannon Slough and McDaniel Slough areas. The proposed project is thus consistent with this section.

Consistent with §31252, the proposed project areas have been identified in the City of Arcata's certified Local Coastal Program as requiring public action to resolve existing or potential resource protection problems. See the "Consistency with Local Coastal Program Policies" section, below.

Consistent with §31260, the proposed project will include funding for acquisition by the City of Arcata of properties within the Arcata Baylands that are integral to the overall restoration and enhancement effort.

CONSISTENCY WITH CONSERVANCY'S STRATEGIC PLAN GOAL(S) & OBJECTIVE(S):

Consistent with **Goal 4 Objective A** and the **Statewide Strategy**, the proposed project will fund public acquisition of 68.3 acres resource lands that "connect existing public lands to provide larger contiguous blocks of habitat and wildlife corridors."

Consistent with **Goal 5 Objective A** and the **Statewide Strategy**, the proposed project will preserve, restore, and enhance 82 acres of coastal habitat, specifically coastal wetlands and stream corridors, by "assembling properties and restoring systems that are of sufficient size or scope to help ensure lasting ecological integrity."

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA & GUIDELINES:

The proposed project is consistent with the Conservancy's Project Selection Criteria and Guidelines adopted January 24, 2001, in the following respects:

Required Criteria

1. **Promotion of the Conservancy's statutory programs and purposes:** See the "Consistency with Conservancy's Enabling Legislation" section above.
2. **Consistency with purposes of the funding source:** See the "Project Financing" section above.
3. **Support of the public:** The proposed project is supported by elected officials, community groups and the general public. Please see letters supporting the USFWS grant application in Exhibit 6.
4. **Location:** The proposed project would be located entirely within the coastal zone of the City of Arcata.
5. **Need:** Implementation of the proposed project is contingent on USFWS National Coastal Wetlands Conservation program funds, which would not be available to this project absent Conservancy participation.
6. **Greater-than-local interest:** The proposed project is part of the larger Humboldt Bay ecosystem, which is a resource of arguably international importance. Humboldt Bay supports many federally- and state-listed fish, bird and amphibian species, and is second only to San

Francisco Bay in the numbers and variety of migratory water-associated birds wintering in the coastal segment of the Pacific Flyway of California. It is one of California's most important stopovers for migrating birds, used for nesting, feeding and resting (see the "Site Description" section of this report, above).

Additional Criteria

7. **Urgency:** The proposed project includes acquisition of 68.3 acres of resource lands, that will be sold on the open market absent immediate action.

13. **Realization of prior Conservancy goals:** The Arcata Baylands Project is part of a larger conservation planning effort in the Humboldt Bay region. Ongoing actions from multiple public and private organizations further the goals of the Pacific Coast Joint Venture, the Humboldt Bay Watershed Management Plan, and the conservation goals of the Humboldt Bay and Eel River delta areas. The proposed project complements nearby USFWS Refuge programs in north and south Humboldt Bay and California Department of Fish and Game's Elk River and Mad River Slough Wildlife Area lands, as well as efforts of the Jacoby Creek and North Coast Regional Land Trusts. It strengthens NAWCA- and USFWS-funded restoration work on McDaniel Slough and Beith Creek, and City and community efforts to protect upland forest areas near the Project area. It furthers the goals of the new USFWS coastal program (the "Humboldt Bay North Coast Region Coastal Program"), and the 2004 Arcata Open Space Protection Plan. In addition, the Project is consistent with the mission of the Arcata Marsh Interpretive Center, which will provide conservation education and interpretive programs for the Arcata Baylands Project.

CONSISTENCY WITH LOCAL COASTAL PROGRAM POLICIES:

The proposed project is consistent with the relevant portions of the Coastal Land Use Element of the City of Arcata's General Plan, prepared in 1979 and last updated March 1987, which, along with the Coastal Land Use and Development Guide (maps and implementing ordinances), constitutes the City of Arcata's Local Coastal Program (LCP). The LCP was certified by the Coastal Commission on October 10, 1989.

Consistent with Section III-7 regarding "Environmental Constraints," the proposed project involves the City seeking funds to provide for restoration of Beith and Grotzman Creeks east of Highway 101 and west of Old Arcata Road, and Gannon Slough.

Consistent with Section VI-7 regarding "Public Facilities," the proposed project involves the City seeking funds to establish interpretive sites along the Arcata Bay shore.

COMPLIANCE WITH CEQA:

The City of Arcata circulated for public review between May 9 and June 7, 2006 an "Initial Study and Checklist" and notice of intention to adopt a mitigated negative declaration (attached as Exhibit 7) pursuant to the California Environmental Quality Act. The Initial Study identifies potentially significant impacts from the proposed project, but determines that they could be mitigated to "less than significant" levels as shown in the table below.

Category	**Potentially Significant Impact**	**Mitigation Measures that will bring the potentially significant impact to a "less than significant" level**
Air Quality	1. Release of dust during construction.	1. The City will implement General Plan Policy AQ-2f(1-5), which requires when appropriate watering, hydroseeding, covering dirt stockpiles, reducing traffic speeds and suspending activity during high winds to control dust emissions during construction.
Biological Resources	2. Impacts to special-status plant and animal species during construction.	2. The City will perform wetland, estuarine and creek restoration and enhancement work during the dry season, and will restrict tide gate modification/removal to low tide when the creeks are in low flow conditions and water is not present. At these times, species of concern (and their eggs and larvae) are not present and not reproducing. When work in or near a creek channel occurs, the City will install silt fences both upstream and downstream of the work sites and isolate the creek from the work areas. Specifically, the City will: a) Conduct construction activities between August 1 and October 31 to avoid or minimize adversely affecting fish, bird and plant species of concern and to minimize soil compaction and sediment transport. b) Conduct tidegate modification and/or removal during the low tide when no water or fish are present. c) Not operate equipment directly within tidal waters or flowing stream channels. d) Not place or store construction materials, debris, or waste where it may be allowed to enter or be washed into waters of the U.S./State. e) Cease activity if measures are not adequately containing sediment; contain turbid water and prevent it from being transported to creeks or Humboldt Bay in amounts that are deleterious to fish or could violate state pollution laws. f) Retain a qualified biologist to survey areas subject to disturbance during tide gate modification and wetland and riparian

	2. Impacts to special-status plant and animal species during construction, cont.	restoration and enhancement activities, and flag any endangered plant populations (e.g., Western Lily) encountered before commencement of any work. Work crews will be trained to avoid endangered plants. g) Have staff present on site during final grading to assure that the area is recontoured per approved design specifications. h) Once fill removal is completed, mulch and seed with appropriately all exposed soil. i) Fence and plant the riparian corridor with native trees and shrubs to increase the surface area of riparian woodland habitat. j) Exclusionary cattle fencing will be installed to protect mulched and re-vegetated areas. k) Refuel equipment only in upland areas, and wash equipment where wash water cannot flow into wetlands or waters of the U.S./State.
Cultural Resources	3. Possibility to discover unknown cultural resources during construction.	3. The City will retain a qualified monitor to be on-site during excavation activities. Should any paleontological, archaeological, historical or unique ethnic or sacred resources be encountered during construction or grading operations, all ground-disturbing work shall be temporarily halted and shall not be resumed until a qualified archeologist has evaluated the materials and offered recommendations for further action. If human remains are uncovered, State law requires that the County Coroner be contacted immediately; if the Coroner determines that the remains are likely those of a Native American, the California Native Heritage Commission must be contacted, which will consult with the most likely Native American descendants to determine the appropriate treatment of the remains.
Geology and Soils	4. Soil erosion/loss during construction.	The City will: a) Conduct construction work during the dry season from August 1 through October 31 to prevent ground disturbance during rainstorms. b) In the event of unseasonable rainfall, cease construction during periods when any surface runoff occurs on exposed soil due to rainfall.

	4. Soil erosion/loss during construction, cont.	c) Mulch with weed-free straw mulch all exposed soil that could erode to a channel leading to Janes or Jacoby Creek.
Hydrology and Water Quality	5. Discharge of pollutants to surface waters during construction.	5. The City will: a) Conduct construction work during the dry season from August 1 through October 31 to prevent washing of pollutants into waterways. b) In the event of unseasonable rainfall, cease construction during periods when any surface runoff occurs on exposed soil due to rainfall. c) Mulched with weed-free straw mulch all exposed soil that could erode to a channel leading to Janes or Jacoby Creek. d) Park, refuel and maintain all vehicles and construction equipment only in designated areas where potential spills of fuel, lubricants, or coolants can be contained and cleaned up without impacts to aquatic habitats.
Noise	6. Noise impacts during construction.	6. Per Chapter 4.6 of its Noise Element, the City will limit construction activity to the hours of 8:00 a.m. to 5:00 p.m. on weekdays, and will not operate heavy equipment on weekends and holidays.

The City received only one comment letter during the public comment period, from Caltrans, notifying the City that any improvements done within the State right-of-way, including modification or removal of tidegates, will require a current encroachment permit (letter attached as Exhibit 7). The City will obtain all necessary permits prior to conducting work.

On June 14, 2006, in connection with approval of the Arcata Baylands project, the City considered and adopted the Mitigated Negative Declaration, including the Initial Study and associated Mitigation Monitoring and Reporting Program (attached as Exhibit 7), with the finding that the project will not have any significant adverse effects on the environment. The City will file a "Notice of Determination."

Staff has reviewed the Mitigated Negative Declaration, and concurs that there is no substantial evidence that the project as mitigated will have a significant effect on the environment. Staff therefore recommends that the Conservancy find that the project as mitigated does not have the potential for an adverse effect on the environment as defined in 14 Cal. Code of Regulations, Section 15382. Staff will file a Notice of Determination upon approval of the project.